HIPAA
Department of Mental Health's
Overview

What is HIPAA?

The Health Insurance Portability and Accountability Act (HIPAA) was signed into federal law in 1996 (PL 104-191). The primary intent and purpose of this law was to protect health insurance coverage for workers and their families when they change or lose their jobs. It was recognized that this new protection would impose additional administrative burdens on health care providers, payers, and clearinghouses, and therefore, the law includes a section called Administrative Simplification. This section is specifically designed to reduce the administrative burden associated with the transfer of health information between organizations, and more generally to increase the efficiency and cost-effectiveness of the United States health care system. The approach is to accelerate the move from certain paper-based administrative and financial transactions to electronic transactions through the establishment of nationwide standards.

What are the Standards?

The standards are being developed by the federal Department of Health and Human Services (HHS). The proposed standards involve the following:

- **Transactions**: (Claims and encounters; Enrollment; Claim Status; Eligibility; Payment/Remittance Advice; Referral Certification; Coordination of Benefits; Premium Payment; Claim Attachment; First Report of Injury)
- **Code Sets**: (Diseases; Injuries; Impairments; Procedures)
- **Unique Identifiers**: (Provider; Employer; Health Plan; Individual)
- **Security**: (Administrative Procedures; Physical safeguards; Technical Security Services; Technical Security Mechanisms)
- **Privacy**: (Covered Information; Covered Entities; Disclosures)

What is the Impact on DMH?

Nationwide, it is acknowledged that HIPAA will fundamentally change how health care is provided, managed, and paid for in the United States. DMH is not an exception. DMH is <u>NOT</u> in compliance with the majority of the standards currently proposed. The planning and implementation of HIPAA is expected to have a <u>MAJOR</u> fiscal impact on DMH, in terms of staff and technical resources necessary to analyze and change operations and systems. A significant impact will also be felt by most of DMH's partners and customers. An assessment analysis will be necessary to more specifically identify HIPAA implementation cost estimates and develop a project and implementation plan. However, below are some of the areas that are anticipated to need significant changes in order to achieve compliance:

- Administrative Support (Accounting, Budgets, Contracts)
- Client Services Information (CSI)
- Compliance Protocols
- Conditional Release Program (CONREP)
- Cost Report/Data Collection (CR/DC)
- County Legal Entity and Provider File System
- DMH Information Technology Systems
- Legal Issues
- Pre-Admission, Screening and Resident Review (PASARR)

- Program Policy and Procedures & Regulations
- Technical Assistance to Local Mental Health Agencies
- SD/MC Claims Processing System
- Sexually Violent Predator Program
- State Hospital Systems
- Rehabilitation Option (SD/MC Managed Care)

When Do We Have to Comply With HIPAA Standards?

It is anticipated that the standards will be adopted in a piecemeal fashion. The first set of standards to be adopted in regulation are expected to be the Transaction and Code Set standards in September, 2000. The standards must be implemented within 2 years of the effective date of the final regulation. Therefore, the current implementation date is estimated at September, 2002.

Does DMH Have to Comply?

YES. No government agency is exempt. <u>ALL</u> health care organization entities including providers, employers, and Health Plans that collect information to meet federal reporting requirements will be affected. Non-compliance to the standards would create DMH's inability to interact with its business partners. In addition, non-compliance fines of $25,000 a day per data element per transaction are proposed.

Where Are We Now?

Our Department is in the "information gathering" stage. The following are some activities that staff have completed or are currently participating in:

- Attended HIPAA overviews presented by an EDS staff member.
- Attended more detailed HIPAA Training offered through DHS.
- Established relationship with DHS and DDS HIPAA Coordinators.
- Starting to network to survey existing state Medicaid Agency workgroups regarding specific topics related to HIPAA.
- Department staff meeting weekly to discuss HIPAA related ideas and/or information. Current workgroup members include: Ken McKinstry (co-lead), Stan Johnson (co-lead), Paula Agostini, Teri Barthels, Dana Bramble, Sara-Jane Gilb, David Harner, Carol Hood, Dee Lemonds, David Nishimura, Kathy Styc, Sharon Winsberg.
- Participating in a regular phone conference that involves 34 other state Medicaid Agencies.

What are the Next Steps?

- Continue Information Gathering and Sharing
- Develop Department Strategies including Partner/Stakeholder Involvement
- Develop Action Plans
- Conduct Assessment and Impact Analyses
- Secure Resources

Where Can I Get More Information?

There are several websites with more detailed HIPAA information. Links to these sites and downloaded implementation guides and finalized regulations will be available through the DMH website.